

FILED  
CLERK OF DISTRICT COURT  
BOISE, IDAHO  
JUL 10 1999

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Attorneys for Debtors

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF IDAHO

In Re:

GREGERSON, GARY & LISA,

Debtors.

Bkr. Case No. 99-01804  
Chapter 7

**OBJECTION TO APPLICATION  
TO EMPLOY APPRAISER FOR  
MEDICAL PRACTICE**

COMES NOW the Debtors, by and through their counsel of record, Randal J. French of the firm of Bauer & French, and objects to the trustee's application to employ an appraiser for Dr. Gregerson's medical practice. Debtors assert that the trustee has stock in a professional services corporation to sell, not a medical practice. Pursuant to Idaho Code Section 30-1303(2),

the term "professional corporation" means a corporation organized under this act for the sole and specific purpose of rendering professional service and which has as its shareholders only natural persons who themselves and duly licensed or otherwise legally authorized within the state of Idaho to render one or more of the same professional services as the corporation.

The chapter 7 estate owns the stock in a corporation. It may sell the stock in that corporation to any individual who is authorized to render professional services in the field of medicine. The sales price will reflect the agreed value between a willing seller and a willing buyer, without regard to any appraisal.

With all due respect to the desire to have an appraiser "value" the medical practice, what the estate has to sell is stock in a professional service corporation, not a medical practice.

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1 Spending money on an appraiser to appraise a medical practice which the estate does not have  
2 to sell simply ensures that unsecured creditors will receive much less of a distribution on their  
3 claim, as those funds are paid to the appraiser.

4 If the chapter 7 estate believes that there is a valuable asset to be sold, the trustee should  
5 notice up the sale of the stock in this professional services corporation for an auction. That  
6 would establish the true value of this medical services corporation. That stock would be at a  
7 value which would reflect the assets, liabilities, and presumably any projected profits or income  
8 which the corporation would generate. Obviously, the corporation will not generate any future  
9 income if its sole practicing physician, Dr. Gregerson, is no longer rendering services to for or  
10 on behalf of the professional services corporation. Pursuant to Idaho Code Section 30-1310,

11 (a) . . . no shareholder of a corporation organized under this act may sell or  
12 transfer his shares in such corporation except to another individual who is  
eligible to be a shareholder of such corporation, . . .

13 Finally, Idaho Code Section 30-1315 provides that

14 (a) no person who is not licensed or otherwise legally authorized to practice the  
15 profession or one of the professions for one of the professions for the practice of which  
a professional corporation is organized may be a shareholder in the corporation.

16 (b) no person who is not a shareholder may serve as a director of a  
17 professional corporation.

18 (c) except as provided in subsection (d), no person who is not a shareholder  
19 may serve as a general officer of a professional corporation. The offices of  
president and secretary shall not be filled by the same person.

20 (d) a professional corporation which has only one (1) shareholder shall have  
21 a non shareholder as the secretary. All other general offices shall be held by the  
shareholder.

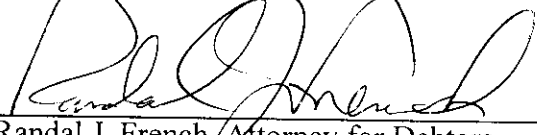
22 For the reasons stated herein, the application for approval of employment of appraiser  
23 should be denied as a waste of estate resources. The Trustee may, if he believes that there is a  
24 shred of value in the stock which is in fact part of the estate, notice up a sale and auction that  
25 stock for sale.

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1 DATED this 17<sup>th</sup> day of April, 2000.

2 BAUER & FRENCH

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4 Randal J. French, Attorney for Debtors

5 **CERTIFICATION OF SERVICE**


6 I hereby certify that on the 19<sup>th</sup> day of April, 2000, a true and correct copy of the  
7 foregoing was served upon:

8 U.S. Trustee  
9 304 N. 8th Street, Ste. 347  
10 P.O. Box 110  
11 Boise, ID 83701-0110  
12 via fax 334-9756

☐ First Class Mail  
☐ Hand Delivery  
☐ Express/Overnight Mail  
☒ Facsimile

13 Kimbell Gourley  
14 Eberle Berlin  
15 P.O. Box 1368  
16 Boise, ID 83701  
17 via fax 344-8542

☐ First Class Mail  
☐ Hand Delivery  
☐ Express/Overnight Mail  
☒ Facsimile

18   
19 Randal J. French

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